

Congress of the United States
Washington, DC 20510

763

October 3, 2018

The Honorable Ajit Pai
Chairman
Federal Communications Commission
445 12th Street Southwest
Washington, DC 20554

Dear Chairman Pai:

As the congressional delegation from the State of South Dakota, we write to express our strong support for immediate action by the Federal Communications Commission (FCC) to restore sufficiency and predictability to the Universal Service Fund's (USF) High Cost program's budget. Fully funding this program will help ensure rural South Dakotans have access to high-quality broadband and voice services comparable in quality and price to those available in urban areas.

While the Federal government has made rural broadband a national priority, the long-term insufficiency and uncertainty of the USF High Cost budget needlessly undermines investment in and planning for deployment in rural areas. Therefore, we were happy to hear you commit at the August 16, 2018, FCC oversight hearing to taking action by the end of this year.

The USF High Cost program is critical for millions of rural Americans and foundational for the success of reaching universal service goals in rural America. Yet the High Cost program budget has remained static at 2011 levels. It is essential that the High Cost program evolve and keep pace with technological advancements. It is also critical that after the High Cost budget is updated, it keep pace with inflation going forward.

The current budget limits are hindering rural broadband deployment and harming consumers. In South Dakota, the limit is estimated to cut support that carriers would otherwise have received for broadband deployment by more than \$11 million over a twelve-month period. These reductions in support will require providers to postpone or even cancel broadband investment, reducing the availability of rural broadband. These cuts also threaten to increase the cost of broadband service to consumers in rural areas and put at risk the ability of providers to repay loans for investments already made, undermining the viability and sustainability of broadband in rural areas. More than 75 percent of South Dakota's land mass is served by rural carriers, and it is crucial that these consumers are not left behind.

The responses to the FCC's USF High Cost Order and Further Notice of Proposed Rulemaking confirm the need to provide – and indicate broad support for – long-term, sufficient, and predictable funding to rural carriers, ensuring that rural consumers have access to affordable broadband.

Consistent with prior letters expressing concerns about High Cost budget shortfalls, we urge the Commission to establish a sufficient and predictable budget that will help eliminate the rural divide while also providing certainty to carriers planning deployment and maintenance of rural broadband.

Thank you for acknowledging the need to eliminate the digital divide by assuring affordable broadband for rural American consumers. We look forward to continuing to work with you in achieving a positive resolution on this important issue for rural America.

Sincerely,

		
JOHN THUNE	M. MICHAEL ROUNDS	KRISTI NOEM
United States Senator	United States Senator	Member of Congress



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 27, 2018

The Honorable John Thune
United States Senate
511 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Thune:

Thank you for your letter on the importance of high-speed broadband access to rural Americans, including those in South Dakota. I wholeheartedly agree that closing the digital divide is our foremost mission as an agency, and I appreciate your recognition of our work thus far to foster deployment in the most remote corners of our country.

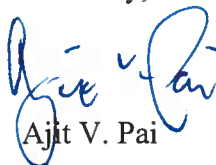
I agree with your concerns that budget limitations in the Universal Service Fund's high cost program for legacy rate-of-return providers could result in undue reductions in support for broadband deployment in South Dakota. Those cuts were the legacy of the last Administration's *2016 Rate-of-Return Reform Order* (from which I dissented in part as a Commissioner).

We started to address this problem in March, when the Commission dedicated an additional \$500 million to support small, rural carriers deploying broadband to the farthest reaches of America. And I expect that we will finish our work in December. I have now circulated to my colleagues a proposed order that would reform our high-cost program for small carriers to increase its efficiency, its sufficiency, and its predictability, all while ensuring rural Americans get the high-quality services they need and deserve.

First, we're promoting efficiency by offering rate-of-return carriers another opportunity to opt in to model-based support, which would give them a guaranteed revenue stream for a decade in exchange for meeting specified buildout requirements. *Second*, we're ensuring support is sufficient by offering additional funding to carriers that currently receive model-based support and who agree to meet increased buildout requirements. We're also increasing funding for carriers who do not receive model-based support. *Third*, we're making the program more predictable by setting a new long-term budget for rate-of-return carriers who choose not to opt in to model-based support and ending arbitrary funding cuts. And *fourth*, we're increasing the target speeds for subsidized deployments from 10/1 Mbps to 25/3 Mbps. Long story short, we're making the Universal Service Fund a more effective means of closing the digital divide.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,


Ajit V. Pai

Senator, thanks a bunch for
all your and your staff's support over the past few years.
I hope you have a merry Christmas and look forward to 2019!



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 27, 2018

The Honorable Kristi Noem
U.S. House of Representatives
2457 Rayburn House Office Building
Washington, D.C. 20515

Dear Congresswoman Noem:

Thank you for your letter on the importance of high-speed broadband access to rural Americans, including those in South Dakota. I wholeheartedly agree that closing the digital divide is our foremost mission as an agency, and I appreciate your recognition of our work thus far to foster deployment in the most remote corners of our country.

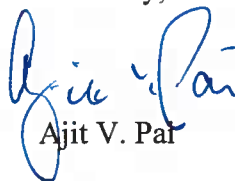
I agree with your concerns that budget limitations in the Universal Service Fund's high cost program for legacy rate-of-return providers could result in undue reductions in support for broadband deployment in South Dakota. Those cuts were the legacy of the last Administration's *2016 Rate-of-Return Reform Order* (from which I dissented in part as a Commissioner).

We started to address this problem in March, when the Commission dedicated an additional \$500 million to support small, rural carriers deploying broadband to the farthest reaches of America. And I expect that we will finish our work in December. I have now circulated to my colleagues a proposed order that would reform our high-cost program for small carriers to increase its efficiency, its sufficiency, and its predictability, all while ensuring rural Americans get the high-quality services they need and deserve.

First, we're promoting efficiency by offering rate-of-return carriers another opportunity to opt in to model-based support, which would give them a guaranteed revenue stream for a decade in exchange for meeting specified buildout requirements. *Second*, we're ensuring support is sufficient by offering additional funding to carriers that currently receive model-based support and who agree to meet increased buildout requirements. We're also increasing funding for carriers who do not receive model-based support. *Third*, we're making the program more predictable by setting a new long-term budget for rate-of-return carriers who choose not to opt in to model-based support and ending arbitrary funding cuts. And *fourth*, we're increasing the target speeds for subsidized deployments from 10/1 Mbps to 25/3 Mbps. Long story short, we're making the Universal Service Fund a more effective means of closing the digital divide.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,



Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 27, 2018

The Honorable Mike Rounds
United States Senate
502 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Rounds:

Thank you for your letter on the importance of high-speed broadband access to rural Americans, including those in South Dakota. I wholeheartedly agree that closing the digital divide is our foremost mission as an agency, and I appreciate your recognition of our work thus far to foster deployment in the most remote corners of our country.

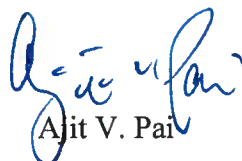
I agree with your concerns that budget limitations in the Universal Service Fund's high cost program for legacy rate-of-return providers could result in undue reductions in support for broadband deployment in South Dakota. Those cuts were the legacy of the last Administration's *2016 Rate-of-Return Reform Order* (from which I dissented in part as a Commissioner).

We started to address this problem in March, when the Commission dedicated an additional \$500 million to support small, rural carriers deploying broadband to the farthest reaches of America. And I expect that we will finish our work in December. I have now circulated to my colleagues a proposed order that would reform our high-cost program for small carriers to increase its efficiency, its sufficiency, and its predictability, all while ensuring rural Americans get the high-quality services they need and deserve.

First, we're promoting efficiency by offering rate-of-return carriers another opportunity to opt in to model-based support, which would give them a guaranteed revenue stream for a decade in exchange for meeting specified buildout requirements. *Second*, we're ensuring support is sufficient by offering additional funding to carriers that currently receive model-based support and who agree to meet increased buildout requirements. We're also increasing funding for carriers who do not receive model-based support. *Third*, we're making the program more predictable by setting a new long-term budget for rate-of-return carriers who choose not to opt in to model-based support and ending arbitrary funding cuts. And *fourth*, we're increasing the target speeds for subsidized deployments from 10/1 Mbps to 25/3 Mbps. Long story short, we're making the Universal Service Fund a more effective means of closing the digital divide.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,



Ajit V. Pai